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PUBLIC SERVICE
COMMISSION

Mr. Gerald Wuetcher
Assistant General Counsel
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2007-00218
Prestonsburg City's Utilities Commission

Dear Mr. Wuetcher:

In the third full paragraph, the memorandum states "... and that the proposed rate adjustment would generate additional revenues of \$400." Prestonsburg had not filed a revised tariff sheet proposing a rate adjustment. The computation was prepared on an "as if" basis to demonstrate that if a rate adjustment had been proposed it would only generate additional revenue of approximately \$400.

As discussed at the conference, it is Prestonsburg's intent to file a revised tariff sheet, when and if, it proposes a rate increase for its wholesale water customers.

On behalf of Prestonsburg, thank you for holding the informal conference, and if you have any questions, please do not hesitate to contact me.

Very truly yours,

Kipley J. McNally

KJM:jlr
Enclosure